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[Press release](#) | 20.05.2010

EU climate policy

New study blows through smokescreen of 'carbon leakage' arguments in EU climate policy

The Greens/EFA group in the European Parliament today launched a new study on the risks of carbon leakage in the EU, undertaken by independent research organisation Climate Strategies (1). The study assesses the true extent of carbon leakage, as well as policy options for addressing the problem, ahead of next week's communication from the European Commission on increasing the EU emissions reduction target and the impact of carbon leakage. At the launch of the study, French Green MEP **Yannick Jadot** said:

"It is high time that the smokescreen of 'carbon leakage' was more rigorously assessed by EU policy makers. This study makes clear that the threat of carbon leakage has been seriously exaggerated by EU industry in its attempts to avoid effective regulatory measures on climate change.

"The spectre of carbon leakage cannot be allowed to have such a determining effect on EU climate policy and legislation given the lack of evidence for leakage beyond a handful of sectors. In particular it cannot be continually trotted out as an excuse for failing to deliver the promised step-up in the EU emissions target to a 30% reduction. On the contrary, such a move to a 30% reduction would be a huge opportunity for the EU economy and job creation.

"The study also makes clear that the free allocation of permits under the emissions trading scheme is an ineffective way of addressing the problem for most of the few sectors actually at risk of leakage. Given the major problems associated with the free allocation of emissions permits and the fact its role in addressing leakage is limited, policy makers must act to move to the full auctioning of emissions permits as soon as possible. Clearly, other measures to address leakage (such as border tariffs) should only be considered in place of - and not additional to - free allocation.

"It is also important that the forthcoming European Commission decision on benchmarking for the allocation of permits is rigorous and new legislative loopholes are not created due to spurious carbon leakage arguments."

(1) Climate Strategies is an international network of leading academic experts that offers rigorous independent research in Europe and beyond. www.climatestrategies.org

The study can be found at:

<http://tinyurl.com/leakage-CS-study>

A Greens/EFA political summary at:

<http://tinyurl.com/leakage-greensefa-summary>

Watch the recording of the presentation

Recorded livestream: Risks and reality of carbon leakage in the EU

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